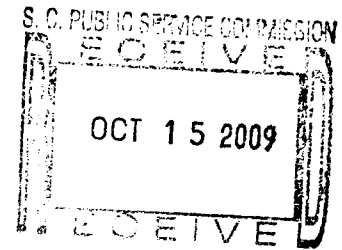


219685



October 12, 2009

Mr. Charles L.A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
101 Executive Center Dr., Suite 100  
Columbia, South Carolina 29210

Dear Mr. Terreni:

Enclosed are responses to the eight items listed in Order No. 90-23 in Docket No. 89-483-E that granted Progress Energy Carolinas, Inc. (formerly CP&L) authority to issue and sell additional securities in conjunction with the Company's Leveraged Employee Stock Ownership Plan (ESOP). These responses are based on our experience as of June 30, 2009.

Please return a stamped copy of the cover letter accompanying this report in the enclosed envelope. If additional information is required, please contact me at 919-546-2559. ✓

Sincerely,

A handwritten signature in cursive script, appearing to read 'M. Scott Foster'.

M. Scott Foster  
Manager – Regulatory & Property Accounting - PEC

Enclosures

c: Mr. John Flitter  
c: Dr. James Spearman

159417



PEC - SCPSC  
Docket No. 89-483-E  
June 30, 2009  
Item 1  
Page 1 of 2

Request: Identify in dollar value any impact that the leveraged ESOP had on the capital structure of the Company (debt, equity) during the quarter (reflects quarterly changes).

Response: See Item 1, Page 2.



PROGRESS ENERGY CAROLINAS  
IMPACT OF LEVERAGED ESOP ON CAPITAL STRUCTURE  
For the Quarter Ended June 30, 2009  
In Thousands of Dollars

	Balance <u>3/31/2009</u>	Leveraged ESOP <u>Activity</u>	Other <u>Activity</u>	Balance <u>June 30, 2009</u>
Common Stock	2,092,037	3,622	3,457	\$ 2,099,116
Retained Earnings	2,169,211	(1,741)	99,561	2,267,031
Common Stock Equity	<u>4,261,248</u>	<u>1,881</u>	<u>103,018</u>	<u>4,366,147</u>
Bonds	3,193,725	(4,497) *	4,497	3,193,725
Advances from Associated Companies	-	-	-	-
Other Long-Term Debt	500,000	-	-	500,000
Unamortized Premium & Discount	(6,967)	-	187	(6,780)
Preferred Stock	<u>59,334</u>	<u>-</u>	<u>-</u>	<u>59,334</u>
Total Capital	<u>\$ 8,007,340</u>	<u>\$ (2,616)</u>	<u>\$ 107,702</u>	<u>\$ 8,112,426</u>

\* Debt related to ESOP is not specifically identifiable, but is classified based on the amount of the Note Receivable from the ESOP Trust. The amount asterisked represents a reclassification between ESOP-related debt and non-ESOP-related debt.



PEC - SCPSC  
Docket No. 89-483-E  
June 30, 2009  
Item 2  
Page 1 of 2

Request: Identify the dollar value of the capital structure of the Company  
a) showing the existing capital structure with the impact of the  
leveraged ESOP, and b) the capital structure that would have  
existed without the leveraged ESOP.

Response: See Item 2, Page 2.



PROGRESS ENERGY CAROLINAS  
IMPACT OF LEVERAGED ESOP ON CAPITAL STRUCTURE  
For the Quarter Ended June 30, 2009  
In Thousands of Dollars

	With Leveraged ESOP	Without Leveraged ESOP
Common Stock	2,099,116	1,872,260
Retained Earnings	2,267,031	2,231,039
Common Stock Equity	<u>\$ 4,366,147</u>	<u>\$ 4,103,299</u>
Bonds	3,193,725	3,166,912
Advances from Associated Companies	-	-
Other Long-Term Debt	500,000	500,000
Unamortized Premium & Discount	(6,780)	(6,780)
Preferred Stock	59,334	59,334
Total Capital	<u><u>\$ 8,112,426</u></u>	<u><u>\$ 7,822,765</u></u>



Request: Identify any dollar savings resulting from the leveraged ESOP over the plan previously utilized by the Company.

Response: The dollar impacts resulting from the leveraged ESOP for the quarter ended June 30, 2009 were as follows (in thousands of dollars):

Reflected in the Income Statement...	1,680*
Direct Balance Sheet impacts	<u>3,622</u>
Total - net positive impact . . . . .	\$ 5,302

\*Includes tax savings for dividend deduction at Holding Company. See Item 8. These tax effects are included in this schedule in order to represent all ESOP effects.



**Item:**        **Provide a general description of the use of any savings realized by the Company from the leveraged ESOP.**

**Response:**    Savings will be used for: ongoing construction and maintenance program; to refund maturing First Mortgage Bonds or preferred stock; to refund First Mortgage Bonds, other long-term indebtedness or preferred stock called for redemption; and for other general corporate purposes.



**Item:**        **Provide information concerning any changes in the bond rating of CP&L attributable to the changes resulting from the leveraged ESOP.**

**Response:**    No changes to CP&L's bond ratings have occurred or are anticipated as a result of the leveraged ESOP transaction.



Request: Identify the contributions by the Company to the leveraged ESOP.

Response: During the quarter ended June 30, 2009, the Company made no contribution to the leveraged ESOP trust.



Request: Identify the tax effects of the Company's contributions to the leveraged ESOP.

Response: Not applicable - See response to Item 6.



Request: Identify the tax effects of the dividends under the leveraged ESOP.

Response: For the quarter ended June 30, 2009, \$3,421,012 in tax savings was recorded associated with the dividends on shares held by the leveraged ESOP. Effective with the August 1, 2000 dividend, this tax deduction is taken by the Holding Company. The tax effect is included in this schedule in order to represent all ESOP effects. As required by current accounting standards, all of the tax savings was recorded to income tax expense. The tax savings are included in the response to Item 3.